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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* NEIL FREDERICK BRANDER and  
ANDREW JOHN ZELENKA

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Appeal 2009-007743  
Application 08/976,159  
Technology Center 3600

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Decided: June 8, 2010

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Before HUBERT C. LORIN, JOSEPH A. FISCHETTI, and  
BIBHU R. MOHANTY, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

## STATEMENT OF THE CASE

Neil Frederick Brander, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1-9 and 12-36. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF DECISION

We AFFIRM-IN-PART.<sup>1</sup>

## THE INVENTION

Claim 1 is illustrative.

1. A system for settlement of a securities trade by obtaining agreement as to the details of the trade among a broker, institution, agent and interested parties comprising:
  - a. a computer system which enables the broker, institution, agent and interested parties to send and receive communications;
  - b. a standing instructions database containing sets of instructions for trade settlement input by the institution, the broker and the agent prior to the securities trade;
  - c. a processing computer within the computer system, which is coupled to the standing instruction database and which is configured to:
    - i. receive a communication from the broker containing notice of order execution information (a broker communication);

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<sup>1</sup> Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed Nov. 25, 2002) and Reply Brief ("Reply Br.," filed Dec. 27, 2006), and the Examiner's Answer ("Answer," mailed Dec. 11, 2008).

- ii. receive a communication from the institution containing institution allocation instruction information (an institution communication);
- iii. match, at the processing computer, the institution communication with the broker communication based on information contained in both communications;
- iv. if there is a match, generate a confirmation for the trade based on information contained in the broker communication, information contained in the institution communication and information stored in the standing instructions database; and
- v. make available, from the processing computer, the confirmation as a communication to the institution, broker, agent and interested parties for the exchange of money and securities to settle the trade.

## THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Hawkins	US 5,497,317	Mar. 5, 1996
Lupien	US 6,098,051	Aug. 1, 2000

Securities and Exchange Commission, *Form 19b-4, Proposed Rule Change by The Depository Trust Company, Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934*; 72 pages; Jan. 9, 1992 (DTC)

The following rejections are before us for review:

1. Claims 1-9, 12, 13, and 21-36 are rejected under 35 U.S.C. §103(a) as being unpatentable over DTC and Hawkins.

2. Claims 14-17, 19, and 20 are rejected under 35 U.S.C. §103(a) as being unpatentable over DTC and Lupien.
3. Claim 18 is rejected under 35 U.S.C. §103(a) as being unpatentable over DTC, Lupien, and Hawkins.

## ISSUE

Have the Appellants shown that the Examiner failed to establish a *prima facie* case of obviousness?

## FINDINGS OF FACT

We rely on the Examiner's factual findings stated in the Answer (3-11).

## ANALYSIS

*The rejection of claims 1-9, 12, 13, and 21-36 under 35 U.S.C. §103(a) as being unpatentable over DTC and Hawkins.*

The Appellants argued claims 1-9, 12, 13, and 21-36 in four groups: (1) claims 1-8, 21, 29, 30, 33 and 34; (2) claims 9, 12, 22-28, 35, and 36; (3) claim 13; and (4) claims 31 and 32 (App. Br. 4). We select claims 1, 9, 13, and 31 as the representative claims for these groups, respectively, and the remaining claims in each group stand or fall with their respective representative claims. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

### *Claim 1*

We review "the obviousness rejection for error based upon the issues identified by [A]ppellant, and in light of the arguments and evidence thereon." *Ex Parte Frye*, Appeal 2009-006013, 2010 WL 889747 \*3-4

(BPAI Feb. 26, 2010) (Precedential) (Slip. Op. 9. ) “Specifically, the Board reviews the particular finding(s) contested by an [A]ppellant anew in light of all the evidence and argument on that issue.” (*Id.* at 10.)

The Examiner has argued that DTC discloses all the claim limitations but for a processing computer, which Hawkins is relied upon. Answer 4-5. The Examiner found that “[i]t would have been obvious to a person of ordinary skill in the art at the time of the applicant’s invention to combine the disclosure of the DTC report with Hawkins et al. One would have been motivated to use this combination because it would provide the capability to quickly and efficiently execute trading transactions.” Answer 5.

The Appellants argue that the Examiner has not made a *prima facie* case of obviousness. But Appellants’ arguments are not commensurate in scope with what is claimed.

The Appellants argue, for example, that the Examiner has failed to show that DTC discloses “automatically matching received notice of execution information from a broker with institution allocation instruction information from an institution.” App. Br. 5. However, claim 1 does not require automatically matching received notice of execution information from a broker with institution allocation instruction information from an institution. The claimed subject matter is drawn to an apparatus comprising a computer system; a database containing sets of instructions; and a processing computer within the computer system. Claim 1 requires a processing computer within a computer system coupled to a standing instruction database and *configured* to perform various functions, including matching information. Accordingly, Appellants’ challenge to the *prima*

facie case of obviousness on the grounds that the prior art fails to lead one to perform certain steps is inapposite.

Even if we assume arguendo that the Appellants meant to argue that the prior art fails to disclose or lead one to a computer configured to perform the functions claimed. The Appellants' focus is nevertheless misplaced. The Appellants' focus is on matching the information contained in "a communication from the broker containing notice of order execution information (a broker communication)" (claim 1) and "a communication from the institution containing institution allocation instruction information (an institution communication)" (claim 1). App. Br. 6. A difference between a claimed apparatus and that of the prior art that is based on the content of information being processed is a difference grounded in nonfunctional descriptive material. Nonfunctional descriptive material cannot render nonobvious an invention that would have otherwise been obvious. *In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004). Cf. *In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983) (when descriptive material is not functionally related to the substrate, the descriptive material will not distinguish the invention from the prior art in terms of patentability).

In that regard, the Appellants do not explain why the prior art combination would not lead one of ordinary skill in the art to modify the DTC system to include a computer configured to perform the functions claimed; that is, a computer configured to receive communications, match information in those communications, and, if there is a match, to generate a confirmation which is made available to facilitate an exchange of money and securities to settle a trade. In fact, the Appellants appear to agree with the

Examiner that DTC discloses receiving information and matching information. App. Br. 5. The Appellants do argue that “the DTC reference still requires input of trade settlement instructions (*i.e.*, trade input) *after* trade execution and *during* the trade settlement process . . .” App. Br. 7 (emphasis original). But, as we have already stated, this is not an argument that is commensurate in scope with what is claimed. Claim 1 is not a method claim that requires information to be matched prior to trade execution and settlement.

We have considered the Appellants’ arguments but do not find that they show the *prima facie* of obviousness of claims 1-8, 21, 29, 30, 33 and 34 was established in error.

#### *Claim 9*

The Appellants’ argument with respect to claim 9 is more to the point. The Appellants argue over the matching function of the claimed processor. However, the Appellants concede that “[t]he DTC reference describes, for example, matching institution instructions with trade data received from the broker-dealer.” App. Br. 8. Accordingly, there is no dispute that DTC discloses matching information. The Appellants then argue that DTC does not disclose that “[t]his [DTC] trade data, however, does not include a notice of order execution.” App. Br. 8. But a difference between a claimed apparatus and that of the prior art that is based on the content of the information being matched is a difference grounded in nonfunctional descriptive material. Nonfunctional descriptive material cannot render

nonobvious an invention that would have otherwise been obvious. *See Ngai*, 367 F.3d at 1339.

We have considered the Appellants' argument but do not find that it shows the *prima facie* of obviousness, of claims 9, 12, 22-28, 35, and 36, was established in error.

*Claim 13*

The Appellants argue over data fields from "a notice of executed order and an institution allocation instruction." App. Br. 8 (emphasis original). This is not an accurate characterization of what is claimed. Claim 13 calls for a "a broker communication containing data within data fields designated by ...." and "an institution communication containing data within data fields designated by ... ." Claim 13 requires a computer processor to compare and match the data in these fields. Nevertheless, as with the prior arguments over matching specific types of information (*see* discussion above), this is an argument over a difference based on the content of the data in the data fields which, as nonfunctional descriptive material, cannot render nonobvious an invention that would have otherwise been obvious.

We have considered the Appellants' argument but do not find that it shows the *prima facie* of obviousness, of claim 13, was established in error.

*Claim 31*

The Appellants argue that neither DTC nor Hawkins disclose a processing computer receiving a series of communications. App. Br. 9 (emphasis original).

We have reviewed the Answer but do not find that the limitation, “a processing computer ... configured to: i. receive a series of communications ...” (claim 31), has been addressed. Accordingly, we do not find that a *prima facie* case of obviousness has been established in the first instance for the subject matter of claim 31, as a whole, and claim 32 that depends therefrom.

*The rejection of claims 14-17, 19, and 20 under 35 U.S.C. §103(a) as being unpatentable over DTC and Lupien.*

The Appellants argue that there is no suggestion to combine DTC and Lupien. App. Br. 9. This is not a persuasive argument because the Examiner did articulate a reason for combining the references. *See* Answer 9. “In so doing would provide the capability to quickly and efficiently execute and matching trading transactions.” The Examiner’s reasoning for combining the references to reach the claimed invention has not been disputed.

The Appellants also argue that DTC and Lupien involve systems for handling different types of transactions. Answer 9. This is not a persuasive argument because

[w]hen a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill.

*KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 417 (2007).

The Appellants otherwise rely on the arguments used to challenge the rejection of claim 1. App. Br. 9. For the foregoing reasons, we find those arguments unpersuasive.

We have considered the Appellants' arguments but do not find that they show the *prima facie* of obviousness of claims 14-17, 19, and 20 was established in error.

*The rejection of claim 18 under 35 U.S.C. §103(a) as being unpatentable over DTC, Lupien, and Hawkins.*

The Appellants rely on the arguments used to challenge the rejection of claim 14, on which claim 18 depends. App. Br. 10. For the foregoing reasons, we find those arguments unpersuasive.

We have considered the Appellants' arguments but do not find that they show the *prima facie* of obviousness of claim 18 was established in error.

## CONCLUSIONS

The rejections of claims 1-9, 12, 13, and 21-30 and 33-36 under 35 U.S.C. §103(a) as being unpatentable over DTC and Hawkins; claims 14-17, 19, and 20 under 35 U.S.C. §103(a) as being unpatentable over DTC and Lupien; and claim 18 under 35 U.S.C. §103(a) as being unpatentable over DTC, Lupien, and Hawkins, are affirmed.

The rejection of claims 31 and 32 under 35 U.S.C. §103(a) as being unpatentable over DTC and Hawkins is reversed.

Appeal 2009-007743  
Application 08/976,159

**DECISION**

The decision of the Examiner to reject claims 1-9 and 12-36 is affirmed-in-part.

**AFFIRMED-IN-PART**

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